

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
REVISED Project Staff Report
Tax-Exempt Bond Project
December 13, 2017

Bidwell Pointe, located at 125 East Bidwell Street in Folsom, requested and is being recommended for a reservation of \$869,231 in annual federal tax credits to finance the new construction of 100 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by St. Anton Communities, LLC and will be located in Senate District 1 and Assembly District 6.

Project Number CA-17-815

Project Name Bidwell Pointe
Site Address: 125 E. Bidwell Street
 Folsom, CA 95630 County: Sacramento
Census Tract: 84.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$869,231	\$0
Recommended:	\$869,231	\$0

Applicant Information

Applicant: St. Anton Folsom, LP
Contact: Sahar Soltani
Address: 1801 I Street, Suite 200
 Sacramento, CA 95811
Phone: (916) 400-2074 Fax: (916) 444-9843
Email: ss@antoncap.com

General Partner(s) or Principal Owner(s): St. Anton Folsom, LLC
 PacH Anton South Holdings, LLC
General Partner Type: Joint Venture
Parent Company(ies): St. Anton Multifamily, Inc
 Pacific Housing, Inc.
Developer: St. Anton Communities, LLC
Investor/Consultant: Boston Capital
Management Agent: St. Anton Multifamily, Inc

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 7
 Total # of Units: 140
 No. & % of Tax Credit Units: 100 71.43%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 14
 Number of Units @ or below 60% of area median income: 85

Bond Information

Issuer: California Public Finance Authority
 Expected Date of Issuance: January 23, 2018
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Capital and Northern Region
 TCAC Project Analyst: Tiffani Negrete

Unit Mix

74 1-Bedroom Units
 58 2-Bedroom Units
 8 3-Bedroom Units

 140 Total Units

Unit Type & Number	2017 Rents Targeted % of Area Median Income	2017 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
7 1 Bedroom	50%	50%	\$696
43 1 Bedroom	60%	60%	\$835
6 2 Bedrooms	50%	50%	\$835
37 2 Bedrooms	60%	60%	\$1,002
1 3 Bedrooms	50%	50%	\$965
5 3 Bedrooms	60%	60%	\$1,158
1 2 Bedrooms	*Manager's Unit	Manager's Unit	\$918
8 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,250
2 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,300
1 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,300
6 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,400
7 1 Bedroom	**Market Rate Unit	Market Rate Unit	\$2,000
1 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,600
9 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,650
4 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,750
2 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,850

* One of the affordable two-bedroom units will be occupied by a tax-credit qualified property manager.

** These 7 market rate units are live/work flex unit.

Projected Lifetime Rent Benefit: \$44,603,460

Project Cost Summary at Application

Land and Acquisition	\$2,227,750
Construction Costs	\$20,357,651
Rehabilitation Costs	\$0
Construction Contingency	\$1,014,709
Relocation	\$0
Architectural/Engineering	\$520,765
Const. Interest, Perm. Financing	\$1,590,976
Legal Fees, Appraisals	\$69,723
Reserves	\$416,363
Other Costs	\$5,297,339
Developer Fee	\$3,400,000
Commercial Costs	\$92,377
Total	\$34,987,654

Project Financing

Estimated Total Project Cost:	\$34,987,654
Estimated Residential Project Cost:	\$34,895,277
Estimated Commercial Project Cost:	\$92,377

Residential

Construction Cost Per Square Foot:	\$168
Per Unit Cost:	\$249,252
True Cash Per Unit Cost*:	\$237,687

Construction Financing

Source	Amount
Banner Bank - T.E. Bonds	\$25,000,000
City of Folsom	\$5,300,000
General Partner Loan	\$1,250,000

Permanent Financing

Source	Amount
Banner Bank - T.E. Bonds	\$17,290,000
City of Folsom	\$5,300,000
General Partner Loan	\$1,250,000
Net Operating Income	\$283,843
Deferred Interest	\$395,995
Deferred Developer Fee	\$1,623,391
Tax Credit Equity	\$8,844,425
TOTAL	\$34,987,654

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$30,214,873
130% High Cost Adjustment:	Yes
Applicable Fraction:	68.95%
Qualified Basis:	\$27,082,026
Applicable Rate:	3.25%
Total Maximum Annual Federal Credit:	\$869,231
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,400,000
Investor/Consultant:	Boston Capital
Federal Tax Credit Factor:	\$1.01750

Per Regulation Section 10327(c)(6), the “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$30,214,873
Actual Eligible Basis:	\$30,214,873
Unadjusted Threshold Basis Limit:	\$36,595,116
Total Adjusted Threshold Basis Limit:	\$47,580,879

Adjustments to Basis Limit

Local Development Impact Fees	
High Opportunity Area	
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI:	10%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.25% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information:

The project consists of 99 low-income units, 1 low-income managers unit and 40 market rate units. Seven of the 40 market rate units are live/work flex units.

Local Reviewing Agency

The Local Reviewing Agency, the City of Folsom, has completed a site review of this project and strongly supports this project.

Recommendation

Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$869,231	\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.